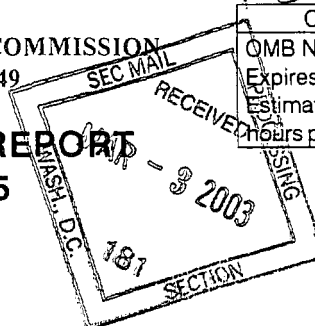




UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**



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FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING March 4, 2002 AND ENDING December 31, 2002  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: HBK Global Securities L.P.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

300 Crescent Court, Suite 700

(No. and Street)

Dallas

(City)

Texas

(State)

75201

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Heather Harris

(214) 758-6377

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

PricewaterhouseCoopers LLP

(Name - if individual, state last, first, middle name)

2001 Ross Avenue, Suite 1800

(Address)

Dallas

(City)

Texas

(State)

75201

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

**PROCESSED**  
**MAR 18 2003**  
**THOMSON**  
**FINANCIAL**

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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OATH OR AFFIRMATION

I, William E. Rose, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HBK Global Securities L.P., as of December 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



William E. Rose  
Signature

Chief Compliance Officer  
Title

Melanie Matney  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**Report of Independent Accountants**

To the Partners of  
HBK Global Securities L.P.

In our opinion, the accompanying statement of financial condition and the related statements of operations, changes in partners' capital and cash flows present fairly, in all material respects, the financial position of HBK Global Securities L.P. (the "Company") at December 31, 2002, and the results of its operations and its cash flows for the period March 4, 2002 (inception) through December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*PricewaterhouseCoopers LLP*

January 31, 2003

**HBK GLOBAL SECURITIES L.P.**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2002**  
**(EXPRESSED IN 000's OF U.S. DOLLARS)**

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**Assets**

Cash and cash equivalents	\$ 147,449
Deposits for securities borrowed	3,991
Rebate fees receivable	5
Interest and dividends receivable	175
Other assets	16
Fixed assets, at cost less accumulated depreciation of \$14	196
Total assets	<u>151,832</u>

**Liabilities**

Deposits for securities loaned	3,991
Accounts payable, accrued expenses, and other liabilities	30
Rebate fees payable	4
Payable to affiliates	251
Deferred compensation	475
Total liabilities	<u>4,751</u>

**Partners' Capital**

Total liabilities and partners' capital	<u>\$ 151,832</u>
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The accompanying notes are an integral part of this financial statement.

**HBK GLOBAL SECURITIES L.P.**  
**STATEMENT OF OPERATIONS**  
**FOR THE PERIOD MARCH 4, 2002 (INCEPTION) THROUGH DECEMBER 31, 2002**  
**(EXPRESSED IN 000's OF U.S. DOLLARS)**

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**Revenues**

Interest and dividends	\$ 389
Rebates on borrowed securities	7
Total revenue	<u>396</u>

**Expenses**

Rebates on loaned securities	5
Employee compensation and benefits	2,123
Reimbursement fees	760
Professional fees	274
Travel and entertainment	71
Communications and data processing	43
Depreciation	14
General expenses	25
Total expenses	<u>3,315</u>
Net loss	<u><u>\$ (2,919)</u></u>

The accompanying notes are an integral part of this financial statement.

HBK GLOBAL SECURITIES L.P.  
STATEMENT OF CHANGES IN PARTNERS' CAPITAL  
FOR THE PERIOD MARCH 4, 2002 (INCEPTION) THROUGH DECEMBER 31, 2002  
(EXPRESSED IN 000's OF U.S. DOLLARS)

	HBK Securities GP Inc.	HBK Securities LP Inc.	Total
Partners' capital at March 4, 2002 (Inception)	\$ -	\$ -	\$ -
Capital contributions	15	149,985	150,000
Capital withdrawals	-	-	-
Net loss	-	(2,919)	(2,919)
Total increase in partners' capital	15	147,066	147,081
Partners' capital at end of period	\$ 15	\$ 147,066	\$ 147,081

The accompanying notes are an integral part of this financial statement.

**HBK GLOBAL SECURITIES L.P.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD MARCH 4, 2002 (INCEPTION) THROUGH DECEMBER 31, 2002**  
**(EXPRESSED IN 000's OF U.S. DOLLARS)**

**Cash Flows From Operating Activities**

Net loss	\$ (2,919)
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Depreciation	14
Changes in operating assets and liabilities:	
Deposits for securities borrowed	(3,991)
Rebate fees receivable	(5)
Interest and dividends receivable	(175)
Other assets	(16)
Deposits for securities loaned	3,991
Accounts payable, accrued expenses, and other liabilities	30
Rebate fees payable	4
Payable to affiliates	251
Deferred compensation	475
Net cash used in operating activities	<u>(2,341)</u>

**Cash Flows From Financing Activities**

Acquisition of fixed assets	(210)
Capital contributions	150,000
Net cash provided by financing activities	<u>149,790</u>

Net increase in cash	147,449
Cash at March 4, 2002 (Inception)	-
Cash at end of period	<u>\$ 147,449</u>

**Supplemental Disclosure of Cash Flow Information**

Cash paid for interest during the period	<u>\$ 1</u>
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The accompanying notes are an integral part of this financial statement.

**HBK GLOBAL SECURITIES L.P.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**  
**(EXPRESSED IN 000's OF U.S. DOLLARS)**

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**1. Organization**

HBK Global Securities L.P. ("Global"), a Delaware limited partnership formed on March 4, 2002, is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is a member of the National Association of Securities Dealers (the "NASD"). The NASD granted membership to Global to operate as a broker-dealer on October 9, 2002. Global is a subsidiary of HBK Securities LP Inc. and HBK Securities GP Inc. (collectively, the "Partners") which are wholly-owned subsidiaries of HBK Master Fund L.P. (the "Master Fund"). Global's only business is to borrow and lend securities for its own account. Its counterparties in these transactions include both the Master Fund and unaffiliated institutions, such as banks, insurance companies, pension plans, investment companies and broker-dealers.

**2. Significant Accounting Policies**

Basis of Presentation

The accompanying financial statements have been presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit at U.S. financial institutions and highly liquid investments with maturities of three months or less when purchased.

Securities Borrowed and Loaned

Securities lending transactions are classified as *Deposits for securities borrowed* and *Deposits for securities loaned* at the amount of cash collateral advanced or received. Although securities borrowing and lending activities are transacted under a master securities lending agreement, such receivables and payables with the same counterparty are not offset. Fees received or paid by Global are classified as rebate fee income and rebate fee expense, respectively.

Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. Global has elected to compute depreciation according to the applicable tax methodology using estimated useful lives of three to five years.

Income Taxes

In accordance with federal income tax regulations, no income taxes are levied on a partnership, but rather on the individual partners. Consequently, no provision or liability for federal income taxes has been reflected in the accompanying financial statements.



**HBK GLOBAL SECURITIES L.P.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**  
**(EXPRESSED IN 000's OF U.S. DOLLARS)**

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**3. Securities Financing Transactions**

Global's only business is to borrow and lend securities for its own account, using an approach commonly referred to as a "matched book." In a typical transaction, Global will borrow securities from one institution, such as a bank, insurance company, pension plan, investment company or broker-dealer, and simultaneously, or soon thereafter, re-loan the same securities to another institution. Generally, the securities will be borrowed from or re-loaned to the Master Fund. Securities borrowed transactions require Global to deposit with the lender cash or other collateral, such as Treasury bills, with a value ranging from 102% to 105% of the value of the securities being borrowed. With respect to securities loaned, Global receives collateral in the form of cash or other collateral of an amount ranging from 102% to 105% of the market value of securities loaned. Global monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or returned as necessary.

**4. Deferred Compensation**

Global has a deferred bonus plan for employees whereby a portion of any annual bonuses may be deferred at Global's discretion. Generally, deferred amounts increase or decrease at an index rate that is based on the rate of return earned by funds affiliated with Global. For the period ended December 31, 2002, expenses of \$475 related to the deferred bonus plan are included in *Compensation and benefits* on the Statement of Operations and as *Deferred compensation* on the Statement of Assets and Liabilities. In general, awards under the plan become payable in July of the first, second, third, and fourth years after the date of the grant.

**5. Regulatory Capital Requirements**

As a registered broker-dealer, Global is subject to the SEC's Uniform Net Capital Rule, which requires the maintenance of minimum net capital. Global has elected to use the alternative method which requires that it maintain minimum net capital as defined in Rule 15c3-1 under the 1934 Act, equal to the greater of \$250 or 2% of aggregate debit balances (as defined in Rule 15c3-3 under the 1934 Act). At December 31, 2002, Global had net capital of \$143,921, which is \$143,671 in excess of its minimum net capital requirement of \$250 on that date.

**6. Financing Activities**

Global has a revolving line of credit arrangement in the amount \$150 million from the Master Fund. Interest on borrowings under this credit arrangement accrues at the daily Federal Funds rate plus 65 basis points. Global did not draw on the line of credit in 2002.

**7. Off-Balance Sheet and Concentrations of Credit Risk**

In the normal course of business, Global delivers securities as part of its securities lending transactions. In the event the counterparty is unable to meet its contractual obligation to return the securities loaned or repay the deposit, Global may be exposed to the risks of acquiring the security at prevailing market rates or holding collateral possessing a market value less than that of the related pledged securities.

Global's principal activities are with banks, insurance companies, pension plans, investment companies, broker-dealers and clearing organizations. This results in credit exposure in the event that the

**HBK GLOBAL SECURITIES L.P.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**  
**(EXPRESSED IN 000's OF U.S. DOLLARS)**

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counterparty fails to satisfy its contractual obligations. Global seeks to mitigate its credit risk through a variety of reporting and control procedures, including established credit limits based upon a review of the counterparties' financial condition and credit ratings.

Global monitors required collateral levels daily and controls risk exposure on a daily basis. Accordingly, Global believes that it has effective procedures for evaluating and limiting the market and credit risks to which it is subject.

**8. Related Party Transactions**

Certain expenses of Global are incurred by HBK Investments L.P. (the "Manager"), investment manager of the Master Fund. Global entered into a reimbursement agreement whereby Global will reimburse HBKI for certain expenses related to the securities lending business. Expenses covered under this agreement are payable to HBKI on a monthly basis and are classified as *Reimbursement fees* on the Statement of Operations.

# SCHEDULE I

## HBK GLOBAL SECURITIES L.P. COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION DECEMBER 31, 2002 (EXPRESSED IN 000's OF U.S. DOLLARS)

### Net Capital

Total partners' capital		\$ 147,081
Deduct partners' capital not allowable for net capital		-
Total partners' capital qualified for net capital		<u>147,081</u>
Add:		
Subordinated borrowings allowable in computation of net capital		-
Other (deductions) or allowable credits - deferred income taxes payable		-
Total capital and allowable subordinated borrowings		147,081
Deductions and/or charges:		
Nonallowable assets:		
Furniture, equipment, and leasehold improvements, net	\$ 196	
Other assets	<u>16</u>	<u>212</u>
Net capital before haircuts on securities positions (tentative net capital)		146,869
Haircuts on securities:		
Other securities		<u>2,948</u>
Net capital		<u><u>\$ 143,921</u></u>

### Computation of Alternative Net Capital Requirement

2 percent of aggregate debit items (or \$250, if greater) as shown in formula for reserve requirements pursuant to rule 15c3-3 prepared as of date of net capital computation	<u>\$ 250</u>
Excess net capital	<u><u>\$ 143,671</u></u>
Net capital in excess of-	
4 percent of aggregate debit items	<u>\$ 143,921</u>
5 percent of aggregate debit items	<u><u>\$ 143,921</u></u>

The above computation does not differ materially from the computation included in Part II of Form X-17A-5 as of December 31, 2002; therefore, no reconciliation is necessary.

**SCHEDULE II**

**HBK GLOBAL SECURITIES L.P.  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
UNDER RULE 15C3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2002  
(EXPRESSED IN 000's OF U.S. DOLLARS)**

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**Credit Balances**

Total credit items	<u>\$ -</u>
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**Debit Balances**

Total debit items	<u>\$ -</u>
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**Reserve Computation**

Excess of total debits over total credits	<u>\$ -</u>
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Required deposit	<u>None</u>
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The above computation does not differ materially from the computation included in Part II of Form X-17A-5 as of December 31, 2002; therefore, no reconciliation is necessary.

**SCHEDULE III**

**HBK GLOBAL SECURITIES L.P.  
INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2002  
(EXPRESSED IN 000's OF U.S. DOLLARS)**

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1. Customers' fully paid and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frames specified under rule 15c3-3): \$            -

A. Number of items            -

2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under rule 15c3-3. \$            -

A. Number of items            -

**Independent Accountants Report on Internal Control  
Required By SEC Rule 17a-5**

To the Partners of  
HBK Global Securities L.P.:

In planning and performing our audit of the financial statements and supplemental schedules of HBK Global Securities L.P. (the "Company") for the period March 4, 2002 (inception) through December 31, 2002, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate debits and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e);
2. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13;
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System; and
4. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3;

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



To the Partners of  
HBK Global Securities L.P.:  
Page 2

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2002 to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*PricewaterhouseCoopers LLP*

January 31, 2003